



Saskatchewan
Finance

Annual Report 1999

Extended Health Care Plan For Certain Other Employees

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Saskatchewan
Finance

Her Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

Letter of Transmittal

I have the honour to transmit herewith the third Annual Report of the Extended Health Care Plan For Certain Other Employees for the year ending December 31, 1999.

I have the honour to be, Madam,

Your obedient servant,

Eric Cline
Minister of Finance



Saskatchewan
Public Employees
Benefits Agency

The Honourable Eric Cline
Minister of Finance
Regina, Saskatchewan

Sir:

Letter of Transmittal

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the third Annual Report of the Extended Health Care Plan For Certain Other Employees for the year ending December 31, 1999.

Respectively submitted,

A handwritten signature in black ink, appearing to read "Brian Smith".

Brian Smith
Executive Director

INTRODUCTION

The Extended Health Care Plan For Certain Other Employees was established on January 1, 1997.

The Fund is used to account for the transactions of the Extended Health Care Plan For Certain Other Employees which provides health care benefits to certain out-of-scope employees.

As at December 31, 1999, participation in the Plan has been approved by the Lieutenant Governor in Council for out-of-scope employees of the Government of Saskatchewan as defined under *The Public Service Act*.

OPERATION OF THE PLAN

ADMINISTRATION

The Public Employees Benefits Agency has established a fund pursuant to *The financial Administration Act, 1993* for the purpose of providing benefits under the Plan. The Joint Board of Trustees is responsible for the management and investment of the Fund. The Joint Board of Trustees consists of 4 representatives as nominated by the Saskatchewan Public Service Commission.

The Plan pays premiums to the Canada Life Assurance Company who provide insured extended health coverage. The Plan's risk is limited to the payment of premiums.

FUNDING

Funding for members covered is employer paid at a rate of 1.0% of straight time annual payroll.

BENEFITS

An employee is eligible for benefits at the start of the pay period immediately following a 6 month period of employment.

Claims are paid on behalf of all family members and covers certain health and vision care benefits.

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

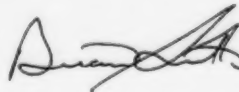
As members of management of the Extended Health Care Plan For Certain Other Employees, we are responsible for the preparation and presentation of the following financial statements in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Extended Health Care Plan For Certain Other Employees has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with the disclosed basis of accounting.

A Joint Board of Trustees, as nominated by the Public Service Commission and appointed by Minister's Order, has been established and is responsible for reviewing the ongoing operations of the Plan.

We enclose the financial statements of the Extended Health Care Plan For Certain Other Employees for the year ended December 31, 1999 and the Provincial Auditor's report on these financial statements.



Brian Smith
Executive Director
Public Employees Benefits Agency



Perry Bahr
Director, Benefit Programs
Public Employees Benefits Agency

Regina, Saskatchewan
February 7, 2000

**EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER
EMPLOYEES**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1999

AUDITOR'S REPORT

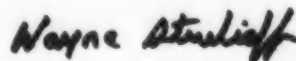
To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Extended Health Care Plan For Certain Other Employees as at December 31, 1999 and the statement of operations for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
February 7, 2000



Wayne Strelieff, C.A.
Provincial Auditor

**EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES
STATEMENT OF FINANCIAL POSITION**

STATEMENT 1

AS AT DECEMBER 31

	<u>1999</u>	<u>1998</u>
ASSETS		
Due from General Revenue Fund (Note 4)	\$1,310,514	\$919,226
Employer contributions receivable	42,543	36,147
Prepaid insurance premiums	<u>92,535</u>	<u>-</u>
	<u>\$1,445,592</u>	<u>\$955,373</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 66,204	\$ 45,826
Net assets (Statement 2)	<u>1,379,388</u>	<u>909,547</u>
	<u>\$1,445,592</u>	<u>\$955,373</u>

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES STATEMENT 2
STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31

	1999		1998
	Budget	Actual	Actual
REVENUES			
Employer contributions	\$1,238,000	\$1,279,392	\$1,207,794
Interest (Note 4)	<u>45,000</u>	<u>54,978</u>	<u>37,530</u>
	<u>1,283,000</u>	<u>1,334,370</u>	<u>1,245,324</u>
EXPENSES			
Insurance premiums	852,000	863,337	792,395
Revolving fund administration	<u>24,775</u>	<u>1,192</u>	<u>-</u>
	<u>876,775</u>	<u>864,529</u>	<u>792,395</u>
Surplus for the year	406,225	469,841	452,929
NET ASSETS, BEGINNING OF YEAR	<u>909,547</u>	<u>909,547</u>	<u>456,618</u>
NET ASSETS, END OF YEAR - to Statement 1	<u>\$1,315,772</u>	<u>\$1,379,388</u>	<u>\$ 909,547</u>

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1999

1. Description of the Plan

The Extended Health Care Plan For Certain Other Employees (Plan) was established on January 1, 1997 pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to certain out-of-scope employees of the Government of Saskatchewan.

The Plan is funded from employer contributions, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The contribution rate is 1% of regular pay as approved by the Minister of Finance.

The Plan pays premiums to the Canada Life Assurance Company who provide insured extended health coverage as outlined in an agreement. The Plan's risk is limited to the payment of its premiums. The Government through the Minister of Finance entered into an agreement with Canada Life Assurance Company for a period of 39 months until December 31, 1999. The Government through the Minister of Finance has entered into another agreement with Group Medical Services to provide insured extended health coverage.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

These financial statements are prepared on the accrual basis of accounting.

3. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from below:

Premiums received	\$1,273,547
Interest received	54,978
Insurance premiums paid	(957,081)
PEBA Revolving Fund administration paid	(654)
Collected on behalf of others	136,018
Paid on behalf of others	<u>(115,520)</u>
Increase in Due from General Revenue Fund	\$ 391,288

4. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the fund's average daily bank account balance. The Government's average thirty day borrowing rate in 1999 was 4.78%.

5. Financial Instruments

The Plan's financial instruments include Due from General Revenue Fund, employer contributions receivable and accounts payable. Due to the immediate or short-term nature, the fair value of these instruments approximates carrying value.

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

All employer contributions and employer contribution receivables are from related parties.

The Plan is managed by the Public Employees Benefits Agency. The PEBA Revolving Fund charged the Plan \$1,192 for administration.

The Plan also receives amounts from the Legislative Assembly Office, Judges, Human Rights Commission, Prairie Diagnostic Services, and other caucus groups and makes payments to Canada Life Assurance Company on their behalf. During the year, the Plan received \$136,018 (1998 - \$116,295) from the General Revenue Fund for the above groups and paid \$115,520 (1998 - \$91,302) to Canada Life Assurance Company. The balance of \$65,115 (1998 - \$44,617) is shown as an accounts payable on the statement of financial position. These receipts and payments are not considered part of the Plan's operations and are not included in the statement of operations.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

7. Budget

The Plan submitted the budget to Treasury Board.

8. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.